

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Date: 4/5/2011

GAIN Report Number: VE1130

Venezuela

Post: Caracas

Cost of milk production rises 29.8 percent in 14 months

Report Categories:

Agricultural Situation

Dairy and Products

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Report Highlights:

Per government regulations, farm gate milk prices are set at Bs. 2.2 liter, while producers claim that the real cost of production is significantly higher at Bs. 3.26.

General Information:

Cost of milk production rises 29.8 percent in 14 months

The rise of agricultural input prices has made even less sustainable the current fixed farm-gate price of Bs. 2.2 per liter set by the government in March 2010, according to producers.

According to a study prepared by the Venezuelan Cattle Federation, Fedenaga, in the highland dairy area of Merida State milk production costs have risen 29.8 percent between January 2010 and March 2011. Specifically, vaccines increased by 47.4 percent, minerals by 15.4 percent, medicines by 15.9 percent, antibiotics by 28.1 percent, while other inputs such as wire, rubber boots, motor oil, for example, increased by an average of 50.69 percent.

Fedenaga report says that to cope with this situation, small producers who average only 100 liters of milk per day are reducing feed supplies to their animals, pushing down output. They are also cutting back on investments.

Fedenaga's report on milk production notes that small and medium producers do not receive any additional benefits through the National Fund for Dairy Production (Fonaprole). Therefore they are asking the Government to review the Fund so that it will benefit the domestic production and help reduce imports.

Sources: Press reports and organization statements and reports